

FISCAL IMPACTS OF PROPERTY TAX EXEMPTIONS AND ABATEMENTS

REVENUE INTERIM COMMITTEE
MEGAN MOORE - NOVEMBER 2023

PROPERTY EXEMPTION HISTORY

Property tax exemptions for charitable, religious, and educational organizations have existed since the 19th century, before the adoption of the federal Internal Revenue Code (IRC). In fact, concepts related to property tax exemption in the IRC are derived from state policies.

1972 CONSTITUTION GRANTED LEGISLATURE MORE AUTHORITY TO EXEMPT

The 1972 Montana Constitution establishes the right of the Legislature to exempt certain property from property taxation in Article VIII, Section 5.

Section 5. Property tax exemptions. (1) The legislature may exempt from taxation:

(a) Property of the United States, the state, counties, cities, towns, school districts, municipal corporations, and public libraries, but any private interest in such property may be taxed separately.

(b) Institutions of purely public charity, hospitals and places of burial not used or held for private or corporate profit, places for actual religious worship, and property used exclusively for educational purposes.

(c) Any other classes of property.

(2) The legislature may authorize creation of special improvement districts for capital improvements and the maintenance thereof. It may authorize the assessment of charges for such improvements and maintenance against tax exempt property directly benefited thereby.

The 1889 Montana Constitution gave the Legislature less discretion to exempt property from taxation than does the current 1972 Montana Constitution. The 1972 Montana Constitution lets the Legislature decide whether to exempt property listed in Section 5(1)(a), the 1889 Montana Constitution mandated those exemptions.

The 1889 Montana Constitution also gave the Legislature the option to exempt property listed in the current constitution in Section 5(1)(b). The 1889 Montana Constitution did not give the Legislature the authority to exempt other classes of property as the 1972 Montana Constitution does in Section 5(1)(c).

EXEMPTIONS AND ABATEMENTS IN STATE LAW

State law includes many more property tax exemptions than those listed in the Montana Constitution. Some exemptions require an application process through the Department of Revenue in which the owner demonstrates ownership of the property and use for the exempt purpose. This type of exemptions is the focus of this report.

There are also categories of generally exempt property contained in Title 15, chapter 6, part 2 that do not require an application. An example is personal property such as household goods and furniture.

ABATEMENTS ARE USUALLY GRANTED LOCALLY

The Legislature also allows abatements for certain types of property. These abatements are usually granted by a city or county government and generally only apply to local mill levies. Abatements also differ from exemptions because they reduce only a portion of the property's value and tend to be limited to a certain number of years.

Some properties are eligible for preferential tax treatment that does not fall neatly into the exemption or abatement category. The exemption section of this report includes a few abatements that require a state-level application process.

PROPERTY TAX EXEMPTIONS SHIFT TAXES, REDUCE STATE REVENUE

In tax year 2023, 10% of market value in the state is exempt from property taxes. The total market value of taxable property is \$269.9 billion, while the market value of exempt property is \$30.8 billion.

Property tax exemptions reduce revenue collected from statewide mill levies and cause local tax shifts.

The 95 mills for state education equalization and the 6-mill university levy are collected on all taxable property in the state. The application of state mills to exempt property in 2023 would have resulted in collections of \$53 million for state equalization and \$3.4 million for the university system.

For all other levies, the effect of exemptions is to shift taxes from exempt property to non-exempt property. When property is exempt, taxes are collected from a smaller taxable value resulting in higher mill levies. In 2023, property exemptions led to \$263 million in local tax shifts.

GOVERNMENTAL PROPERTY IS LARGEST CATEGORY OF EXEMPT PROPERTY

Governmental property accounts for nearly half of the exempt market value in the state. This category of property includes property of federal, state, local, and tribal governments, and school district property. Thirty-six percent of the total tax shifts, or \$93.5 million, and 35% of total lost state revenue, \$20.1 million, result from governmental property exemptions.

The exemption of intangible personal property leads to the next highest local tax shifting and state revenue loss: \$66 million, or 25% of the total, and \$15 million, or 27% of the total, respectively. Intangible personal property is business property that has no intrinsic value but is representative of value, such as licenses, copyrights, patents, trademarks, contracts, software, franchises, and goodwill.

Though the market value of intangible personal property is close to the market value of nonprofit healthcare property, the taxable value of intangible personal property is more than three times higher because intangible personal property would be subject to a higher tax rate if it was taxed.

Exempt nonprofit health care property leads to \$23 million in tax shifts and \$4.5 million in state revenue loss, or 9% and 8% of the respective total tax shifts and state revenue loss.

Religious exemptions and exempt residential value for participants in the Property Tax Assistance Program (PTAP) round out the five largest exempt categories. Religious exemptions lead to almost \$19 million in tax shifts and \$3.9 million in state revenue loss. PTAP shifts \$14.4 million locally and reduces state revenue by \$3.2 million.

FISCAL IMPACTS OF PROPERTY TAX EXEMPTIONS AND ABATEMENTS

TY 2023 FISCAL IMPACT OF EXEMPT PROPERTY BY CATEGORY

Exemption Type	Parcels	Market Value	Local Tax Shift	Loss in State Revenue	Total Benefit
Governmental	119,432	\$15,082,734,085	\$93,504,158	\$20,130,095	\$113,634,253
Intangible Personal Property	-	\$2,387,021,090	\$66,036,172	\$15,216,272	\$81,252,445
Non-Profit Health Care	506	\$2,342,540,505	\$23,423,668	\$4,500,662	\$27,924,331
Religious	3,013	\$2,095,625,521	\$18,950,464	\$3,935,950	\$22,886,414
Property Tax Assistance Program	21,652	\$3,433,051,583	\$14,432,651	\$3,180,757	\$17,613,408
Educational	459	\$999,182,589	\$9,290,212	\$1,905,678	\$11,195,890
Purely Public Charity	1,362	\$997,181,143	\$8,992,487	\$1,859,000	\$10,851,487
Affordable Housing	233	\$752,324,644	\$7,547,699	\$1,422,392	\$8,970,091
Disabled Veteran Program	3,073	\$1,019,296,475	\$5,798,446	\$1,357,409	\$7,155,855
Pollution Control & Carbon Capture	25	\$422,818,794	\$5,187,953	\$1,294,509	\$6,482,462
Care of People with Developmental Disability or Mental Impairment	357	\$185,110,948	\$1,774,365	\$330,992	\$2,105,357
Care of Retired, Aged, Chronically Ill	54	\$165,563,156	\$1,723,118	\$317,184	\$2,040,302
Community Service Building/Fraternal	328	\$147,091,478	\$1,382,889	\$280,251	\$1,663,141
Energy Production & Development Abatement	259	\$236,928,247	\$899,568	\$327,020	\$1,226,588
Art Galleries, Observatories, Zoos, Museums	112	\$103,463,542	\$817,716	\$198,448	\$1,016,164
Agricultural Processing Facility	19	\$82,084,904	\$748,171	\$140,711	\$888,882
Missing Category ¹	732	\$70,261,216	\$584,907	\$125,174	\$710,081
Intangible Land Value Program	174	\$99,594,552	\$407,022	\$135,883	\$542,905
Low Value Mobile Home	10,713	\$68,058,458	\$411,716	\$93,207	\$504,923
Fiber Optic and Coaxial Cable	91	\$30,291,246	\$407,004	\$91,883	\$498,887
Veteran's Clubhouse	97	\$35,437,233	\$312,021	\$64,848	\$376,869
Cemetery, Mausoleums, Crematories	179	\$26,458,662	\$252,401	\$49,445	\$301,847
Non-Profit Water Association	77	\$11,220,535	\$83,512	\$20,180	\$103,692
Agricultural & Horticulture Societies	4	\$5,089,722	\$38,031	\$9,540	\$47,570
Temporary Tribal	67	\$3,784,463	\$31,828	\$6,820	\$38,648
Natural Disaster	18	\$2,112,896	\$14,244	\$3,300	\$17,544
Non-Profit International Athletic Facility	1	\$379,254	\$3,750	\$724	\$4,474
Gray Water Abatement	1	\$279,017	\$847	\$380	\$1,227
Total	163,038	\$30,804,985,958	\$263,057,020	\$56,998,715	\$320,055,735

¹ Exemption type is not identified in Department of Revenue system. Most are likely government exemptions.

10-YEAR CHANGE FOR TOP EXEMPTION CATEGORIES

The following table shows the change in exempt parcels, their market value, and the fiscal impact of the exemptions between 2013 and 2023 for the largest ten categories of exemptions.

The total benefit to exempt properties, which is a sum of the local tax shift and state revenue loss, more than tripled between 2013 and 2023 for seven of the 10 largest categories of exemptions.

CHANGE IN LARGEST EXEMPTION CATEGORIES, 2013 TO 2023

Exemption Type	Change in Parcels	Change in Market Value	Change in Local Tax Shift	Change in State Revenue Loss	Ratio of 2023 Benefit to 2013 Benefit
Governmental ²	36,823	\$8,094,139,682	\$62,766,055	\$13,262,907	3.0
Intangible Personal Property	-	\$503,987,002	\$12,555,428	\$3,282,157	1.2
Non-Profit Health Care	111	\$1,920,544,371	\$18,901,376	\$3,687,464	5.2
Religious	644	\$1,677,596,069	\$14,939,715	\$3,164,667	4.8
Property Tax Assistance Program	4,036	\$2,404,314,484	\$6,020,722	\$1,490,126	1.7
Educational	-108	\$809,747,848	\$7,448,570	\$1,553,753	5.1
Purely Public Charity	813	\$772,457,833	\$6,677,321	\$1,432,726	4.0
Affordable Housing	108	\$680,780,330	\$6,745,899	\$1,288,116	9.6
Disabled Veteran Program	1,000	\$845,870,842	\$3,687,984	\$917,757	2.8
Pollution Control & Carbon Capture ³	24	\$421,940,203	\$5,174,068	\$1,291,847	391.8

COUNTY EXEMPT TAXABLE VALUE RANGES FROM 2% TO 30%

When considering all categories of exemptions as well as locally granted abatements for which Department of Revenue has data, the estimated taxable value of exempt property as a share of taxable value for all taxable and nontaxable property varies ranges from 2% in Madison County to 30% in Garfield County. The average for all counties is 14.5%.

² Prior to 2016, exempt agricultural property is overvalued in Department of Revenue data. The parcels were removed to prevent overestimating the tax shift and state revenue loss. This results in an undercount of the exempt parcels in tax years 2013 through 2015 that mostly affects the government property category.

³ Change is for 2015 to 2023 because exemption is for equipment placed into service after January 1, 2014.

FISCAL IMPACTS OF PROPERTY TAX EXEMPTIONS AND ABATEMENTS

The percentage of exempt taxable value increased between 2013 and 2023 in 44 counties. For eight counties, the change in the share of exempt taxable value increased by ten percentage points or more: Garfield, Petroleum, Big Horn, Daniels, Prairie, Blaine, Fergus, and Sheridan.

Three counties saw declines in the share of exempt taxable value between 2013 and 2023 of more than five percentage points: Powell, Musselshell, and Toole.

PERCENTAGE TAXABLE VALUE EXEMPT BY COUNTY, 2013 AND 2023

County	2013 % Exempt	2023 % Exempt	County	2013 % Exempt	2023 % Exempt
Garfield	9%	30%	Carbon	9%	14%
Petroleum	2%	27%	Deer Lodge	13%	14%
Big Horn	15%	26%	Missoula	9%	14%
Cascade	16%	23%	Musselshell	22%	14%
Mineral	22%	21%	Toole	29%	13%
Powder River	17%	21%	Dawson	6%	13%
Yellowstone	16%	21%	Roosevelt	8%	12%
Phillips	16%	20%	Chouteau	7%	12%
Daniels	3%	20%	McCone	2%	12%
Prairie	9%	20%	Teton	11%	12%
Rosebud	10%	19%	Liberty	6%	11%
Blaine	7%	18%	Granite	15%	10%
Glacier	20%	18%	Wheatland	15%	10%
Lincoln	8%	18%	Ravalli	10%	10%
Fergus	7%	18%	Stillwater	5%	10%
Lake	12%	17%	Richland	6%	10%
Custer	9%	17%	Flathead	6%	10%
Meagher	15%	16%	Golden Valley	7%	10%
Sanders	13%	16%	Gallatin	7%	9%
Powell	24%	15%	Sweet Grass	6%	9%
Lewis & Clark	14%	15%	Jefferson	9%	9%
Judith Basin	12%	15%	Park	9%	8%
Beaverhead	17%	15%	Treasure	7%	8%
Sheridan	3%	15%	Broadwater	9%	8%
Silver Bow	9%	15%	Fallon	6%	8%
Pondera	11%	15%	Carter	6%	7%
Valley	5%	14%	Wibaux	4%	6%
Hill	9%	14%	Madison	3%	2%

EXEMPT BUSINESS PERSONAL PROPERTY GENERALLY REIMBURSED

In tax year 2023, the first \$300,000 of class eight business personal property provided for in [15-6-138](#) is exempt from taxation. The exemption will increase to \$1 million in tax year 2024.

The exemption for class eight business personal property differs from other exemptions in two ways:

- the exemption applies to a set dollar amount of property for all business personal property owners; and
- local governments receive reimbursements for the loss in taxable value from the exemption.

CLASS EIGHT EXEMPTIONS BEGIN IN 2000

Beginning in 2000, class eight property valued at \$5,000 or less was exempt from taxation. In 2005, the Legislature increased the exemption to class eight property valued at \$20,000 or less.

By 2014, the Legislature took a different approach and exempted the first \$100,000 of business personal property for all taxpayers. In 2022, the exemption increased to the first \$300,000 for all class eight property owners and in 2024, the exemption will increase to the first \$1 million.

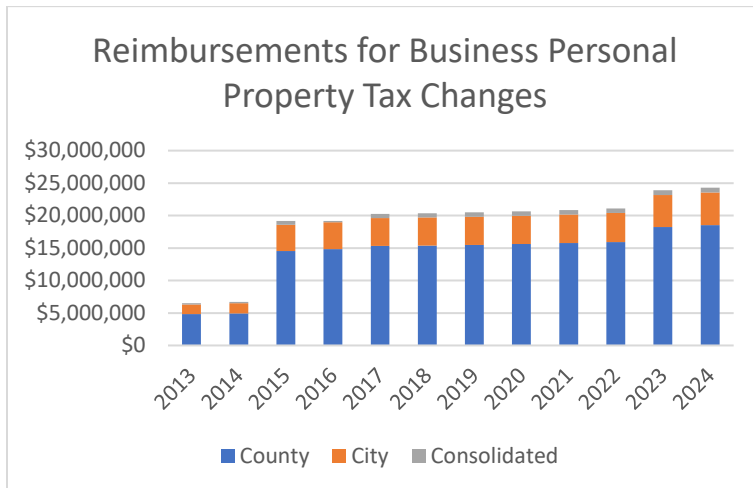
CLASS EIGHT RATE REDUCTIONS DATE BACK TO 1989

Before enacting exemptions for a portion of class eight property value, the Legislature repeatedly reduced the tax rate for class eight property. The reductions were as follows: from 10% to 9% in 1989, to 8% in 1996, to 7% in 1997, to 6% in 1998, to 3% in 2000, to 2% for the first \$2 million in 2011, and to 1.5% for the first \$6 million in 2013.

REIMBURSEMENTS FOR BUSINESS PERSONAL PROPERTY VARY BY YEAR

Bills that enacted tax rate reductions and exemptions for business personal property generally included a provision to reimburse cities, counties, and school districts for the lost tax base.

Cities, counties, and consolidated city-county governments receive reimbursement with their entitlement share payments. Reimbursements totaled \$19 million in fiscal year 2015, the first fiscal year that reflects the \$100,000 exemption amount and they are expected to total \$24.3 million in fiscal year 2024.



In earlier years, schools received reimbursements through the block grant program. Recent reimbursements are included in increased guaranteed tax base aid. This makes tracking school reimbursements difficult.

UNCLEAR WHETHER REIMBURSEMENTS COVER LOST REVENUE

Determining whether reimbursements for business personal property tax changes cover revenue losses is difficult. Legislation enacting rate reductions or exemptions generally included a reimbursement provision, but the calculation of the reimbursement varied in the seven bills with rate reductions or exemptions.

To the extent that reimbursements do not include an inflation factor or growth rate, they may not cover the decrease in revenue from exemptions for business personal property. Under 15-10-420, a local government may not increase mills to account for a loss of tax base that is reimbursed. However, 15-10-420, allows for an inflationary adjustment to the maximum revenue collection. If the reimbursement does not include an inflationary adjustment, the lost tax base from the business personal property exemption may be reimbursed at a rate that is less than the amount that would otherwise be calculated under 15-10-420.

Additional analysis would be necessary to determine whether reimbursement calculations included inflation adjustments or growth rates.

FISCAL IMPACTS OF SPECIFIC PROPERTY TAX EXEMPTIONS

This section shows the number of exempt parcels and local tax shifts and state revenue loss for the previous 10 years for each category of exempt property.

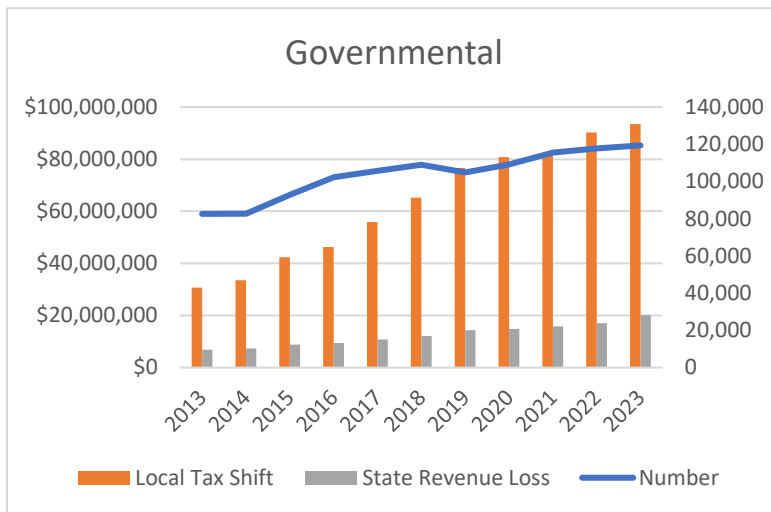
GOVERNMENTAL

Code Section: [15-6-201](#)(1)(a), (1)(p)

Description: Property of United States, state, counties, cities, towns, school districts, irrigation districts not operated for profit, municipal corporations, public libraries, rural fire districts, special districts, federally recognized Indian tribes within boundaries of a reservation and used exclusively for essential government, up to

FISCAL IMPACTS OF PROPERTY TAX EXEMPTIONS AND ABATEMENTS

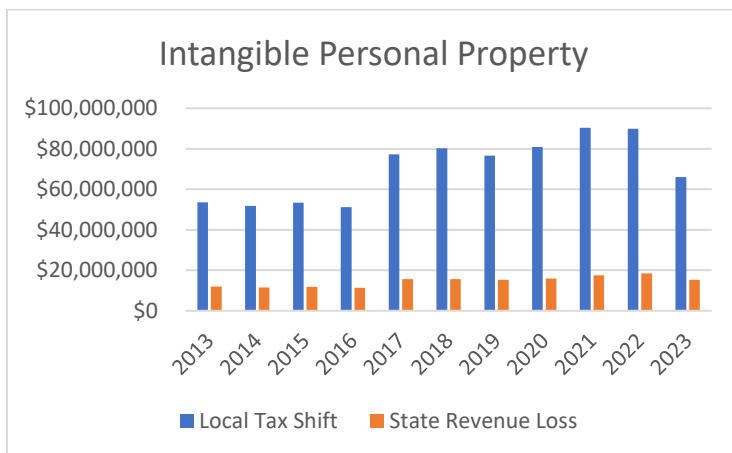
10 acres of land rented or leased to a municipality or taxing unit for less than \$100 a year and that is used for public park, recreation, or landscape beautification purposes services



INTANGIBLE PERSONAL PROPERTY

Code Section: [15-6-218](#)

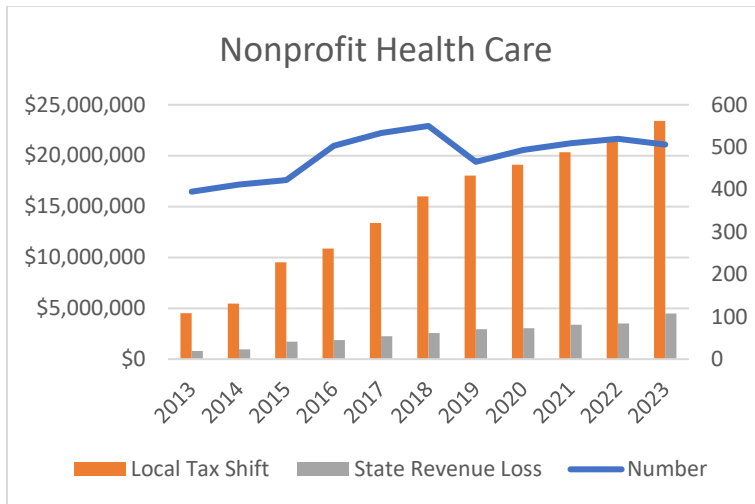
Description: Personal property that is not tangible personal property and that has no intrinsic value but is the representative or evidence of value, including but not limited to certificates of stock, bonds, promissory notes, licenses, copyrights, patents, trademarks, contracts, software, and franchises; or lacks physical existence, including but not limited to goodwill.



NONPROFIT HEALTH CARE

Code Section: 15-6-201(1)(g)

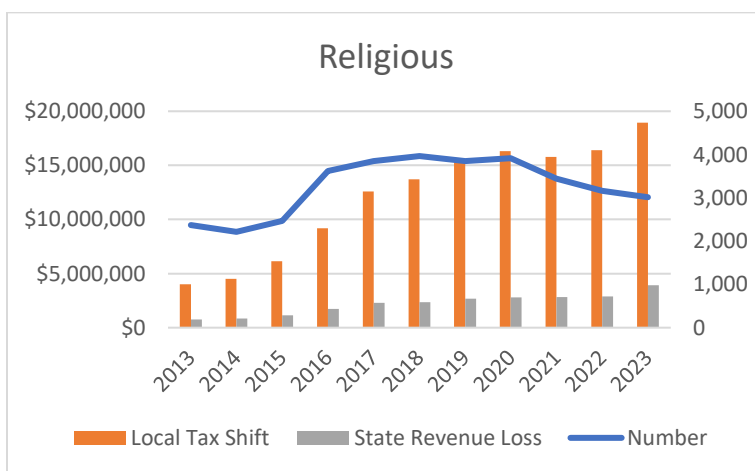
Description: Property used exclusively for nonprofit health care facilities licensed by the Department of Health and Human Services and organized as a nonprofit corporation or a religious corporation



RELIGIOUS

Code Section: 15-6-201(1)(b), (1)(c)

Description: Buildings and furnishings owned by a church and used for actual religious worship or for residence of clergy, land under buildings and adjacent land necessary for convenient use of buildings, land and improvements used for educational or youth recreational activities, not to exceed 15 acres for a church or 1 acre for a clergy residence; Land and improvements owned by a federally recognized Indian tribe and designated by tribal resolution as sacred land to be used exclusively for religious purposes, not to exceed 15 acres

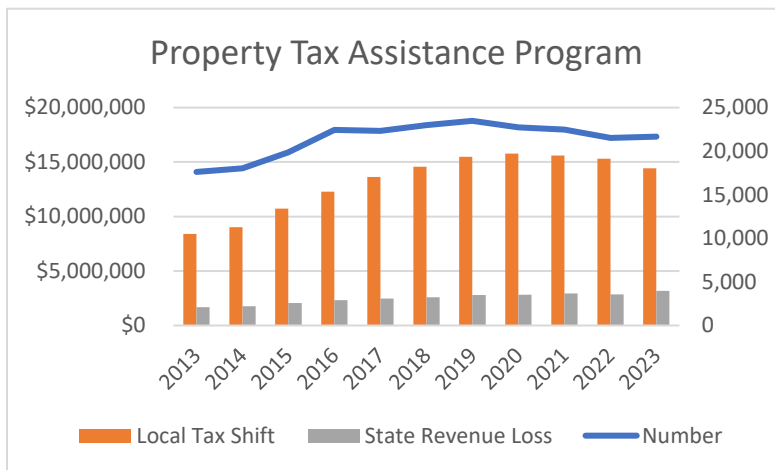


PROPERTY TAX ASSISTANCE PROGRAM

Code Section: [15-6-305](#)

Description: For 2024, the first \$350,000 in appraisal value of residential real property that is owner occupied for at least 7 months of the year is taxed at the 1.35% residential tax rate multiplied by the percentage figure based on the applicant's qualifying income determined from the following table.

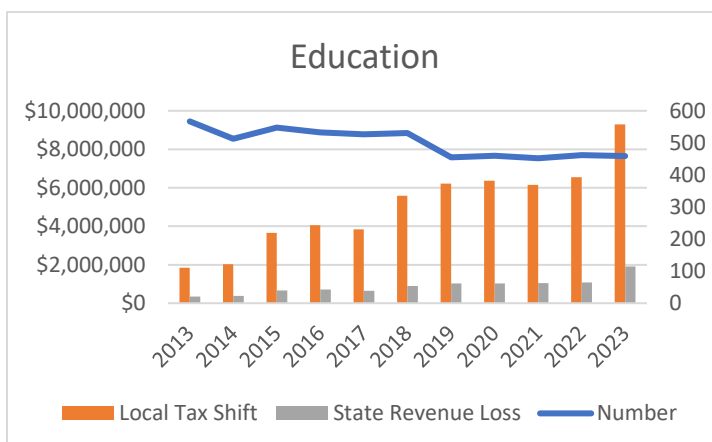
Income - Single	Income - Married	Percentage Multiplier
\$0 - \$13,590	\$0 - \$18,310	80%
\$13,591 - \$18,580	\$18,311 - \$27,667	50%
\$18,581 - \$27,621	\$27,668 - \$37,019	30%



EDUCATION

Code Section: [15-6-201](#)(1)(e), (1)(f)

Description: Up to 80 acres of property used exclusively for educational purposes, including dormitories and food service buildings and other structures necessary for the operation of an educational institution not operated for gain or profit. Requires an attendance policy and a definable curriculum; property of any acreage owned by a tribal corporation created for the sole purpose of establishing schools, colleges, and universities

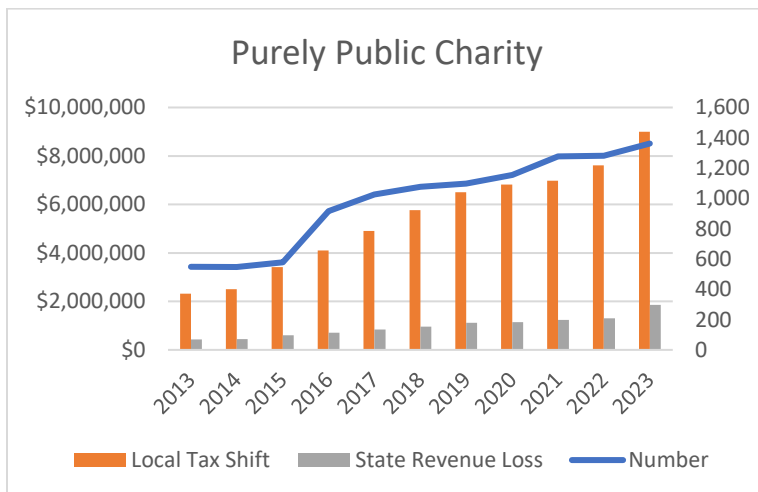


PURELY PUBLIC CHARITY

Code Section: [15-6-201\(1\)\(i\)](#)

Description: Property owned or leased from a federal, state, or local governmental entity by an institution of purely public charity if the property is directly used for purely public charitable purposes. An institution of purely public charity is an organization that:

- offers its charitable goods or services to persons without regard to race, religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended; and
- accomplishes its activities through absolute gratuity or grants. The organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.



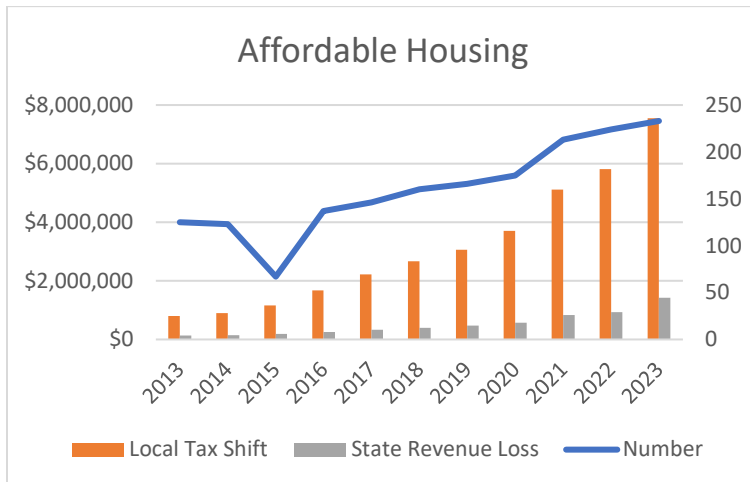
AFFORDABLE HOUSING FOR LOWER-INCOME TENANTS

Code Section: [15-6-221](#)

Description: Residential rental property dedicated to providing affordable housing for lower-income persons if:

- the property is owned and operated by a housing authority or a nonprofit corporation exempt from taxation under 26 U.S.C. 501(c)(3); the board of housing has allocated low-income housing tax credits to the owner, a deed restriction restricts the property's usage; the property meets a public purpose in providing housing to an underserved population; or
- the property is owned and operated by a nonprofit corporation exempt from taxation under 26 U.S.C. 501(c)(3) and was constructed using a home investment partnerships program grant.

FISCAL IMPACTS OF PROPERTY TAX EXEMPTIONS AND ABATEMENTS

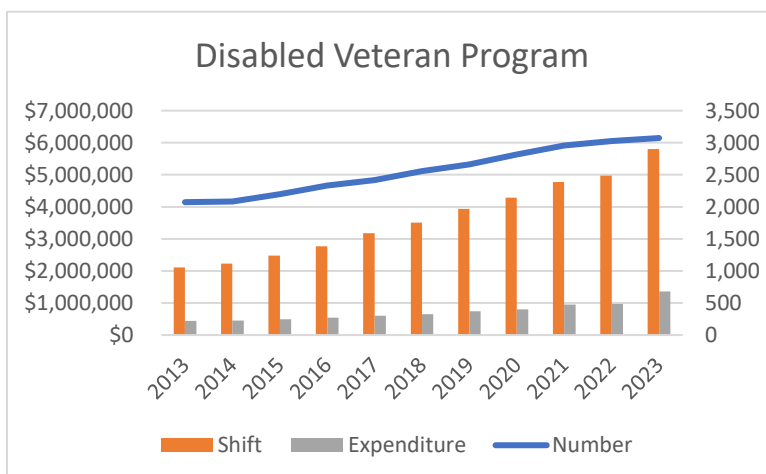


DISABLED VETERAN PROGRAM

Code Section: [15-6-311](#)

Description: Residential real property owned and occupied for at least 7 months of the year by a qualified veteran or an unmarried surviving spouse is taxed at 1.35% multiplied by the percentage figure based on the applicant's qualifying income determined from the following table.

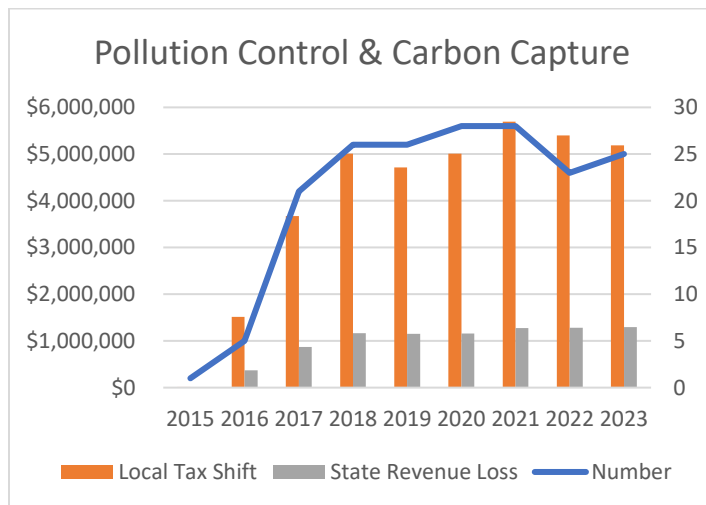
Income - Single	Income - Married	Income - Surviving Spouse	Percentage Multiplier
\$0 - \$45,803	\$0 - \$54,963	\$0 - 38,169	100%
\$45,804 - \$50,384	\$54,964 - \$59,544	\$38,170 - \$42,750	80%
\$50,385 - \$54,963	\$59,545 - \$64,124	\$42,751 - \$47,330	70%
\$54,964 - \$59,554	\$64,125 - \$68,705	\$47,331 - \$51,911	50%



AIR & WATER POLLUTION CONTROL AND CARBON CAPTURE EQUIPMENT

Code Section: [15-6-135](#)

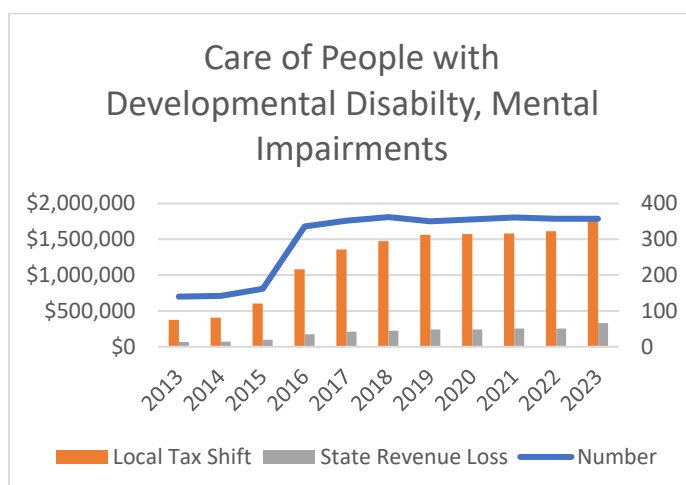
Description: Air and water pollution control and carbon capture equipment placed in service after January 1, 2014, for the purposes of environmental benefit or to comply with state or federal pollution control regulations. If the air or water pollution control and carbon capture equipment enhances the performance of existing air and water pollution control and carbon capture equipment, only the market value of the enhancement is subject to the exemption.



CARE OF PEOPLE WITH DEVELOPMENTAL DISABILITY OR MENTAL IMPAIRMENT

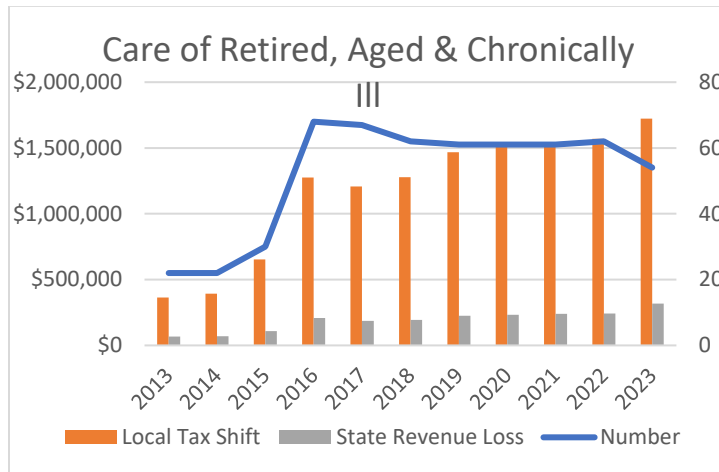
Code Section: [15-6-201\(1\)\(n\)](#)

Description: Property owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments that constitute or result in substantial impediments to employment and that is not operated for gain or profit

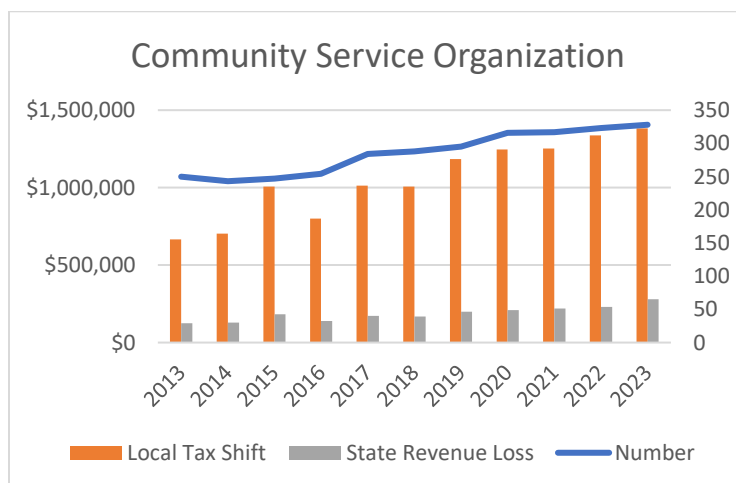


FISCAL IMPACTS OF PROPERTY TAX EXEMPTIONS AND ABATEMENTS

CARE OF RETIRED, AGED, OR CHRONICALLY ILL

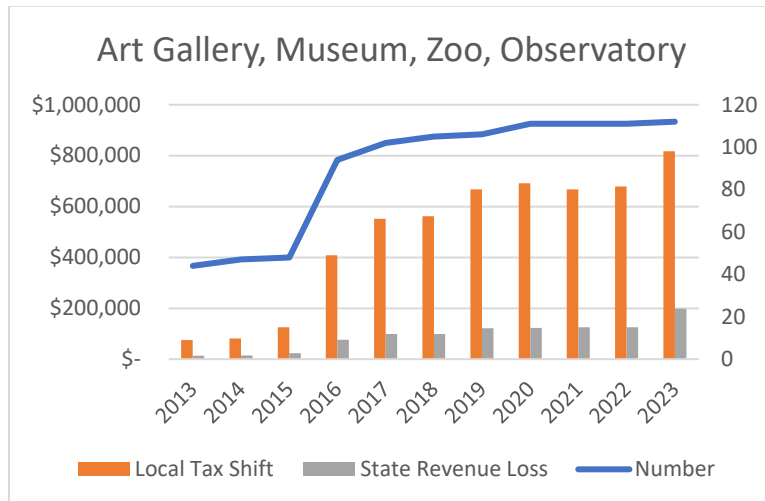
Code Section: [15-6-201\(1\)\(n\)](#)**Description:** Property owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit

COMMUNITY SERVICE ORGANIZATION THAT IS LODGE OF FRATERNAL ORGANIZATION

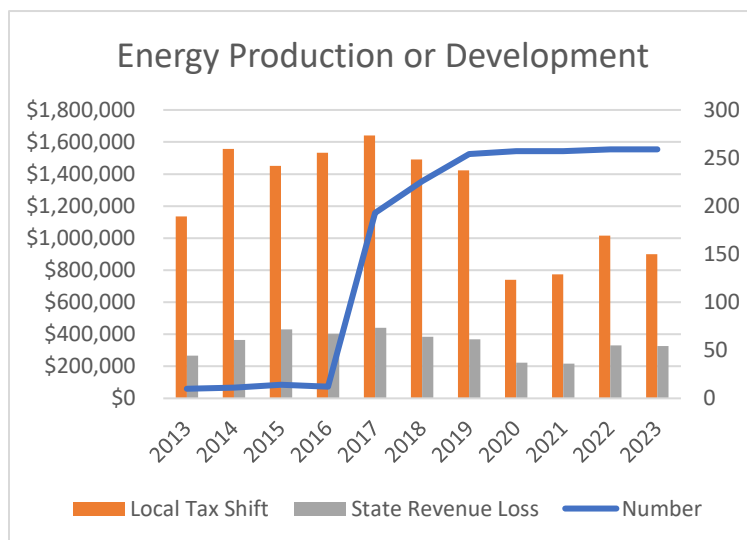
Code Section: [15-6-209](#)**Description:** Building and appurtenant land, not exceeding 3 acres, owned by a nonprofit community service organization if the organization is a lodge of a nationally recognized fraternal organization, furnishes services to senior citizens in the form of daytime or evening educational or recreational activities

FISCAL IMPACTS OF PROPERTY TAX EXEMPTIONS AND ABATEMENTS

ART GALLERIES, MUSEUMS, ZOOS, & OBSERVATORIES

Code Section: [15-6-201\(1\)\(k\)](#)**Description:** Public museums, art galleries, zoos, and observatories that are not operated for gain or profit with a principal purpose to hold property for public display or for use as a museum, art gallery, zoo, or observatory

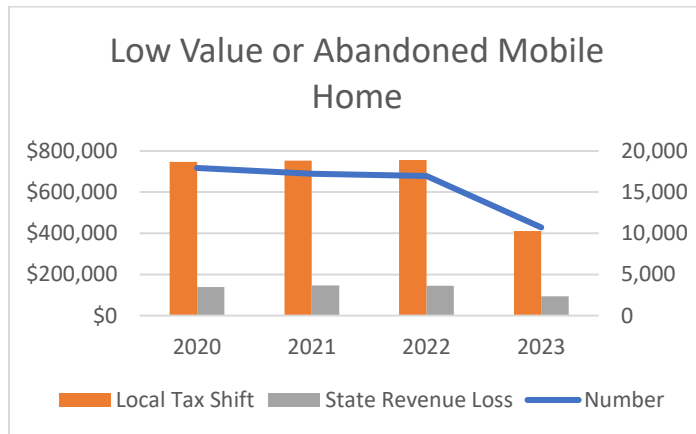
ENERGY PRODUCTION OR DEVELOPMENT ABATEMENT

Code Section: [15-24-3111](#)**Description:** State and local abatement of 50% of value for certain energy production and development facility and equipment during the construction period and the first 15 years of operation (up to 19 years total).

LOW VALUE OR ABANDONED MOBILE HOME

Code Section: [15-6-241](#) and [15-6-242](#)

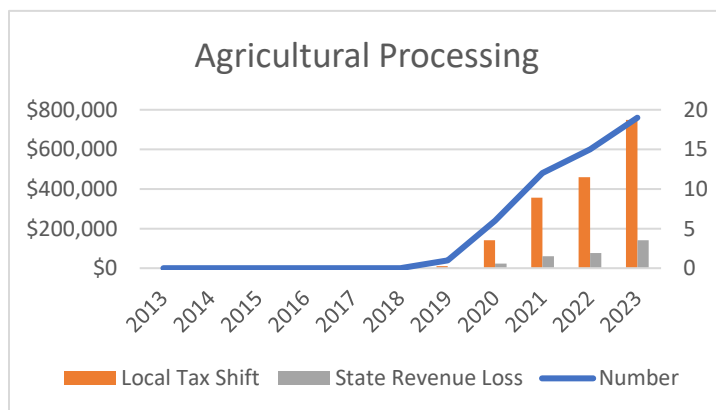
Description: A mobile home, manufactured home, or house trailer that was manufactured 28 or more years prior to the current date, for which the most recent assessed value is \$10,000 or less, and that is not determined to be an improvement to real property. Limited to 2 mobile homes per owner. A house trailer, manufactured home, or mobile home that is not treated as an improvement to real property and that is uninhabited because it is no longer fit for human habitation



AGRICULTURAL PROCESSING FACILITIES

Code Section: [15-6-220](#)

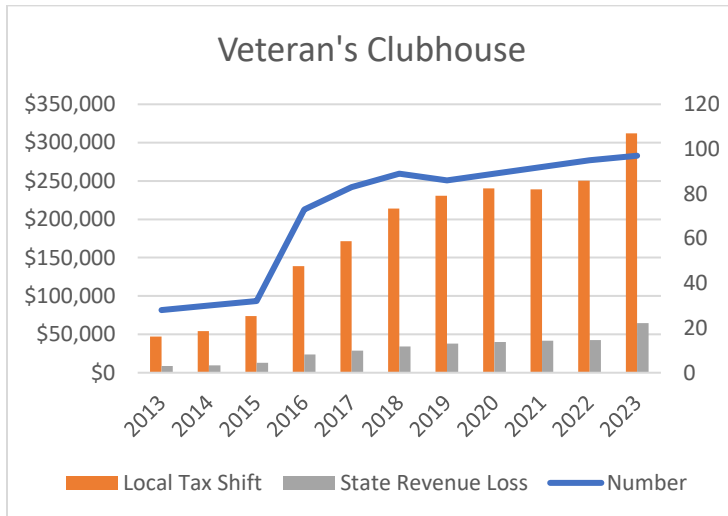
Description: Machinery and equipment used in an oilseed processing facility or a malting barley facility; personal property used by an industrial dairy or an industrial milk processor and dairy livestock used by an industrial dairy; all manufacturing machinery, fixtures, equipment, and tools used for the production of ethanol from grain during the course of the construction of an ethanol manufacturing facility and for 10 years after completion of construction of the manufacturing facility; machinery and equipment used in a pulse processing facility; machinery and equipment used in a hemp processing facility



VETERAN BUILDING OR CLUBHOUSE

Code Section: [15-6-203](#)

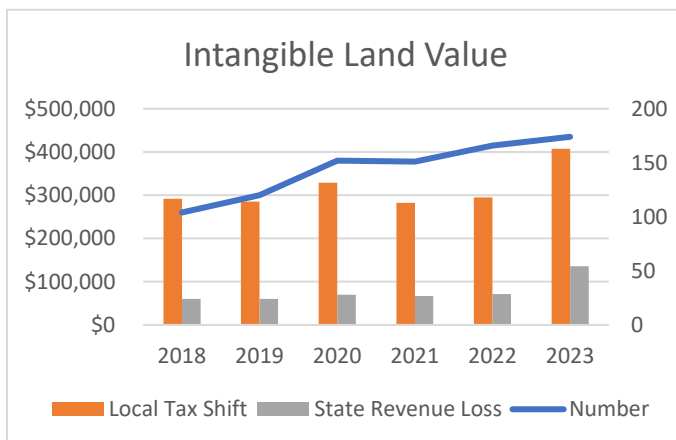
Description: A clubhouse, building, or land owned, rented, leased, or used primarily by any society or organization of honorably discharged United States military personnel for educational, fraternal, benevolent, or purely public charitable purposes rather than for gain or profit.



INTANGIBLE LAND VALUE

Code Section: [15-6-240](#)

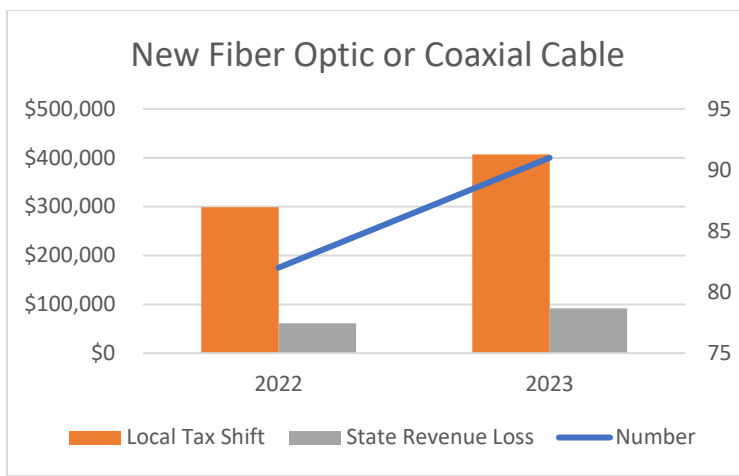
Description: Land values that are disproportionate to the value of a primary residence and improvements are exempt if the total appraised value of the land is greater than 150% of the appraised value of the primary residence and improvements situated on the land. The land is valued at 150% of the appraised value of the primary residence and improvements situated on the land (subject to the statewide average value of land) and the remainder of the land value is exempt from taxation. Requires applicant to live in property for 7 months of the year and ownership of the land by the applicant or a family member for 30 consecutive years or more.



NEW FIBER OPTIC OR COAXIAL CABLE

Code Section: [15-6-156](#)

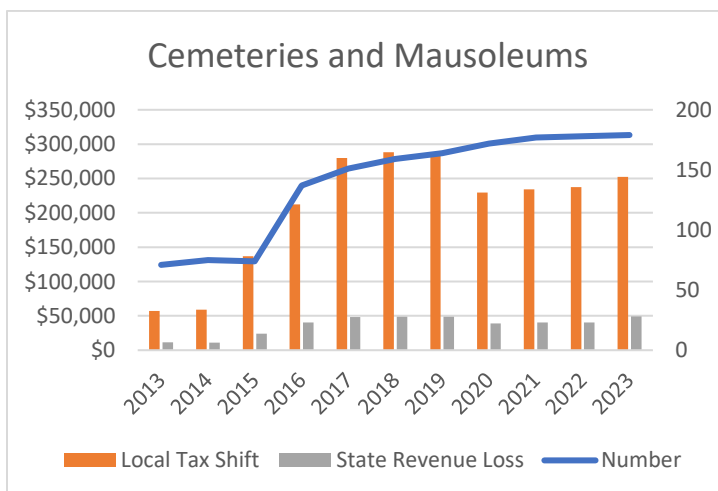
Description: Fiber optic or coaxial cable installed and placed in service on or after July 1, 2021 for a period of 5 years starting from the date the fiber optic or coaxial cable was placed in service, after which the property exemption is phased out at a rate of 20% a year, with the property being assessed at 100% of its taxable value after a 10-year period. Requires owner to reinvest an amount equal to or greater than the value of the tax savings by installing and placing in service new fiber optic or coaxial cable in Montana within 2 years from the date the owner first claimed the exemption without charging those costs to the consumer.



CEMETERIES AND MAUSOLEUMS

Code Section: [15-6-201](#)(1)(h)

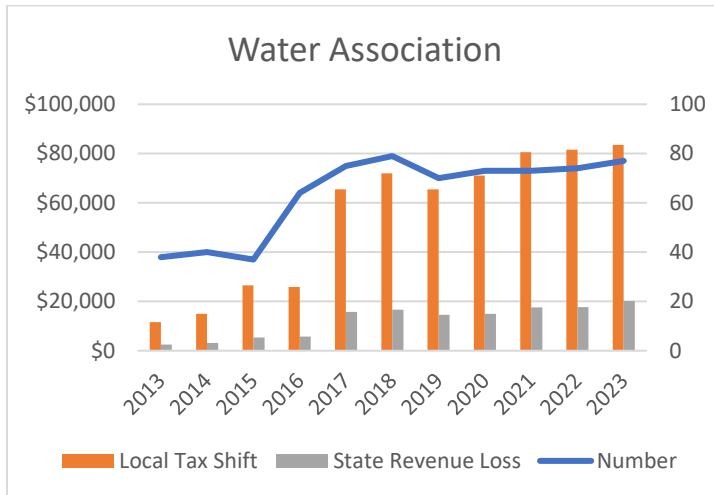
Description: Property owned by a cemetery or mausoleum association or a federally recognized Indian tribe, devoted exclusively to use in connection with a cemetery, and not operated for profit



WATER ASSOCIATION

Code Section: [15-6-201\(1\)\(l\)](#)

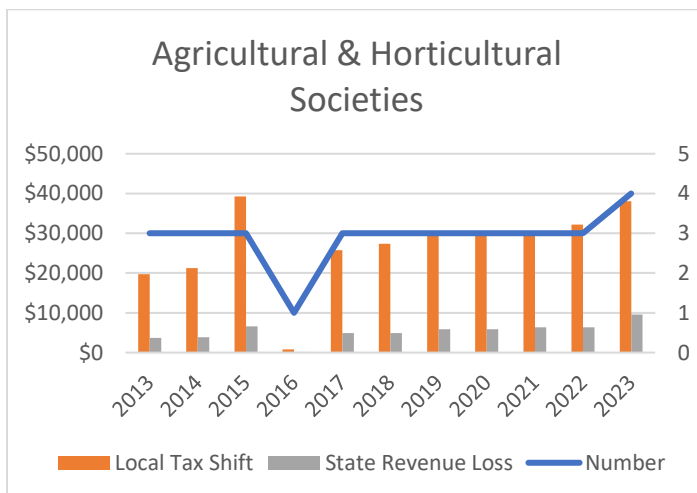
Description: Motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land



AGRICULTURAL AND HORTICULTURAL SOCIETIES

Code Section: [15-6-201\(1\)\(d\)](#)

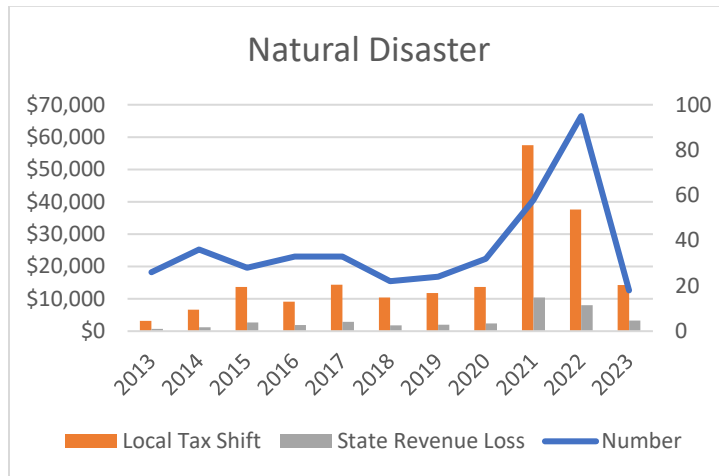
Description: Property owned and used exclusively for agricultural and horticultural societies not operated for profit



NATURAL DISASTER

Code Section: [15-16-611](#)

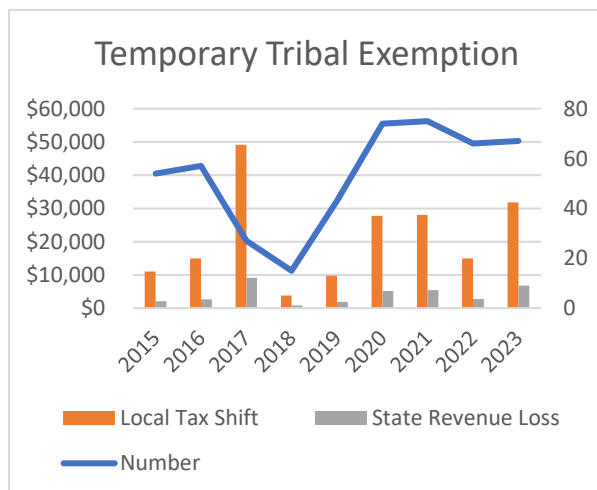
Description: Adjustment to the taxable value of an improvement destroyed to such an extent that the improvements or personal has been rendered unsuitable for its previous use by natural disaster



TEMPORARY TRIBAL EXEMPTION

Code Section: [15-6-230](#)

Description: Property located within the boundaries of the state of Montana and owned in fee by a federally recognized Indian tribe or a member of an Indian tribe is temporarily exempt on January 1 after the United States Department of the Interior, Bureau of Indian Affairs, has determined that the initial written request or trust application submitted by the tribe or tribal member is complete.⁴

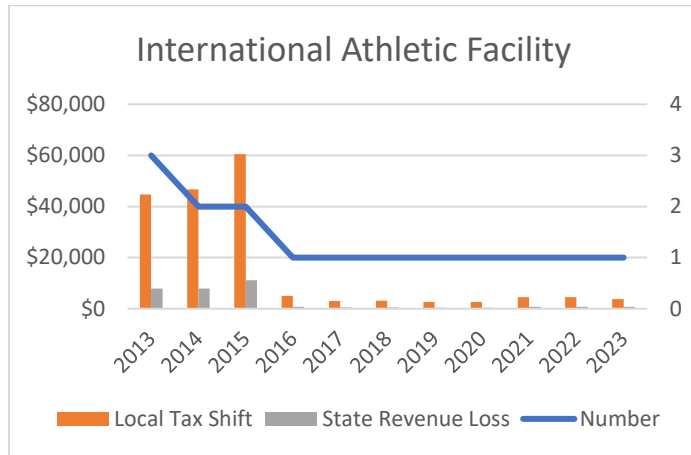


⁴ Exemption data prior to 2015 was kept in a different format and was not available under the time constraints required for this analysis.

INTERNATIONAL ATHLETIC FACILITY

Code Section: [15-6-201\(1\)\(o\)](#)

Description: Property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events and that is not held or used for private or corporate gain or profit

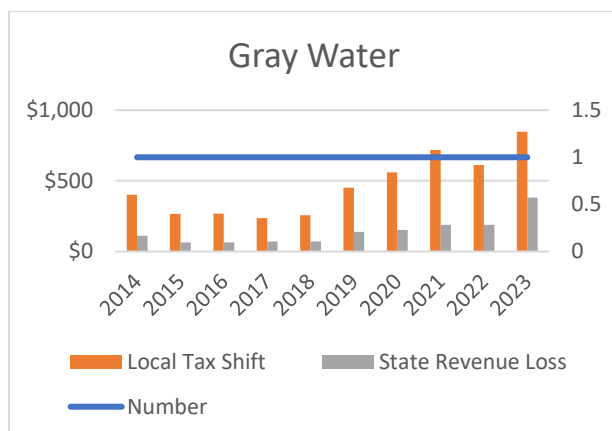


GRAY WATER SYSTEM

Code Section: [15-24-3202](#), [15-24-3203](#)

Description: A residential dwelling that is under construction or newly constructed with a residential gray water system is taxed at 91% of its market value during the course of the construction and for 10 years after completion of construction; a multiple dwelling project that is under construction or that is constructed with a common gray water and potable water system is taxed at 91% of the market value of the project or market value of each residential condominium unit during the course of the construction and for 10 years after completion of construction

Termination: [House Bill 25](#) (2023) repealed the exemption effective for tax year 2023. Exemptions granted before April 19, 2023, remain in effect for the 10-year exemption period.



AMMUNITION

Code Section: [15-24-1410](#)**Description:** Property used in the manufacture of ammunition components is exempt from the property taxes levied for state educational purposes.**Termination:** Dec. 31, 2024

No taxpayers have claimed ammunition exemptions.

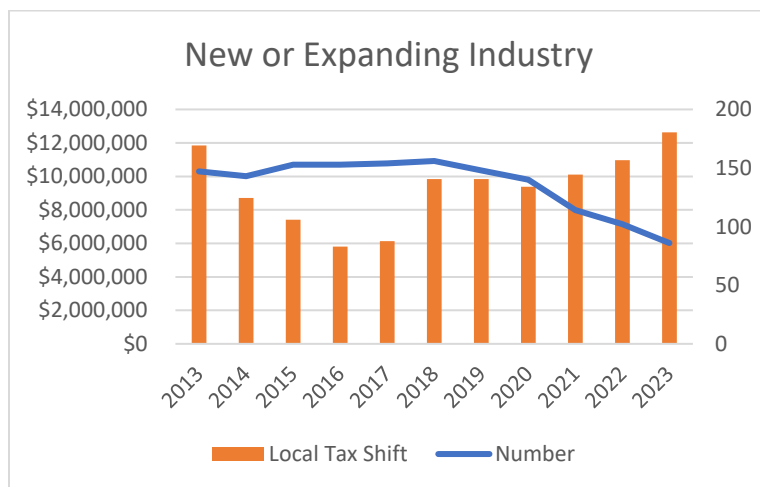
FISCAL IMPACTS OF LOCAL ABATEMENTS

This section shows the number of parcels that receive abatements granted locally and the local tax shifts for the previous 10 years for each abatement type. These abatements generally only apply to local mills so there is no state revenue loss.

NEW OR EXPANDING INDUSTRY

Code Section: [15-24-1402](#)

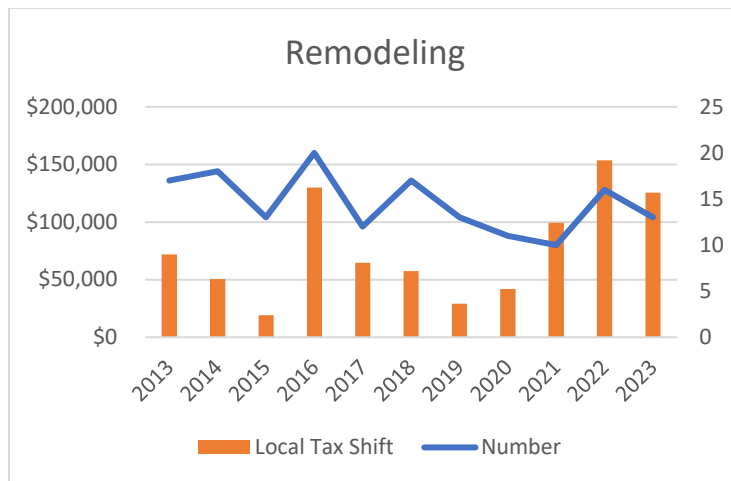
Description: In the first 5 years after commencement of construction, qualifying improvements or modernized processes that represent new industry or expansion of an existing industry, must be taxed at 25% or 50% of their taxable value. Each year thereafter, the percentage must be increased by equal percentages until the full taxable value is attained in the 10th year. Applies only to local school mills and mills levied by city and/or county approving abatement.



REMODELING

Code Section: [15-24-1501](#)

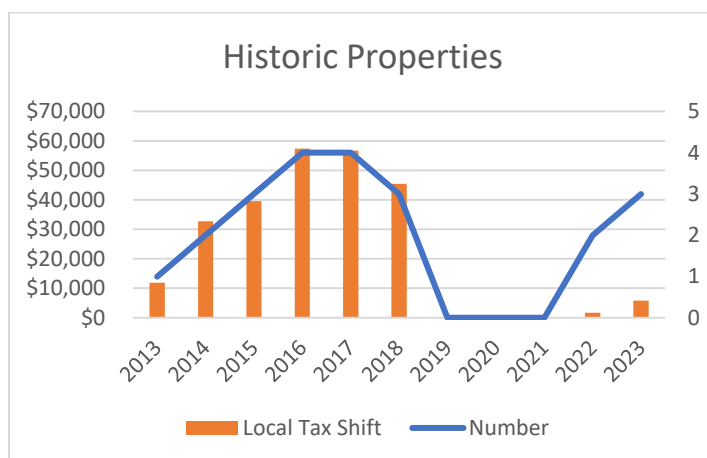
Description: Abatement for increased taxable value from remodeling or reconstruction of property during construction and 4 years following construction; required increase in taxable value to qualify: 5% for commercial property, 2.5% for non-commercial property; property is exempt during construction and the value phases in 20% each year; applies only to local school mills and mills levied by city and/or county approving abatement



HISTORIC PROPERTIES

Code Section: [15-24-1603](#)

Description: A historic property undergoing rehabilitation, restoration, expansion, or new construction may receive a tax abatement during the construction period, not to exceed 12 months, and for up to 5 years following completion of the construction; abatement limited to 100% of the increase in taxable value caused by the rehabilitation, restoration, expansion, or new construction; applies only to levies of the local governing body approving the abatement and high school and elementary school levies



BUSINESS INCUBATOR, INDUSTRIAL PARK, LOCAL ECONOMIC DEVELOPMENT ORGANIZATION

Code Section: [15-24-1802](#), [15-24-1902](#), [15-24-2002](#)

Description: Exemption for business incubator or industrial park operated by a local economic development organization or a building or land owned by a local economic development organization that it intends to sell or lease to a profit-oriented, employment-stimulating business; applies to mill levies of city, county, and/or school district approving the exemption and to the 101 state mills if the county approves the exemption; terminates the year after the sale or lease of the property to an entity other than a local economic development organization or a unit of local, state, or federal government

The Department of Revenue does not have any data for these abatements.